

MALACANANG  
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

ADMINISTRATIVE ORDER NO. 139

REMOVING MR. CONSTANCIO FERRANCO FROM OFFICE AS PROVINCIAL  
TREASURER OF SAMAR.

These are two administrative cases against Mr. Constancio Ferranco, Provincial Treasurer of Samar, for various irregularities allegedly committed in the discharge of his official duties. The charges were investigated by the Department of Finance.

First Case

1. Overstocking of supplies and materials.

An examination of the trial balance of the office of the Provincial Treasurer of Samar for the period from July 1, 1960, to May 31, 1961, shows the following supplies and materials in stock:

Stationery and office supplies (A-2-1)	- ₱ 77,103.32
Other supplies and materials (A-2-5)	- <u>43,862.52</u>
Total	- <u>₱120,965.84</u>

Respondent explains that A-2-5 account covering the purchases of gasoline, crude oil, lubricants, tires and other spare parts is under the control and supervision of the Highway District Engineer, and as such, if no credits or adjustments have been made, the same should be attributed to the failure of the Highway District Engineer to submit the corresponding report to respondent's office. If at all, his responsibility refers only to account A-2-1 (balance of ₱77,103.32). However, he believes that the stationery and office supplies (account A-2-1) were reasonable enough to meet the needs of the province with its 59 municipalities, 4 municipal districts, 3 provincial high schools, 6 national vocational schools and a host of national offices and agencies stationed in Samar, which are being supplied by the Office of the Provincial Treasurer.

In this connection, it may be stated that for the period from July 1, 1960, to May 31, 1961, the total consumption of the province of Samar in office supplies and materials (A-2-1 and A-2-5) amounted to ₱64,064.58 only and for the fiscal

*Constancio Ferranco*

year 1960, a total consumption in the same accounts amounted to ₱68,198.84. At these rates, it is evident that it will take the province of Samar almost two years to consume the balance of ₱120,965.84 in supplies and materials. Under Section 30 of the Revised Manual of Instructions to Treasurers, "the maximum quantity of office supplies and materials to be carried in stock shall not exceed that which will be needed in six months."

2. Failure to make semiannual inventory of office supplies and materials in stock.

It appears that respondent failed to make semiannual inventories of the office supplies and materials in stock for the last three (3) years. Section 899 of the Revised Manual of Instructions to Treasurers requires that "at the end of June and December of each year, a physical check and inventory of all property shall be made by the provincial or city treasurers." His failure to make the inventory of the supplies and materials for the years above indicated shows utter lack of interest in performing the duties required of him by existing rules and regulations.

3. Incurrence of unauthorized overdrafts.

Verification of the records of the Office of the Provincial Treasurer of Samar shows a total overdraft of ₱520,656.62 in the various funds in the custody of the respondent for the period from July 1, 1960, to May 31, 1961. As for the period ended June 1960, the total overdraft amounted to ₱294,573.13. The incurrence of said overdrafts was made without prior authority from the Secretary of Finance in violation of Section 2122 of the Revised Administrative Code.

4. Illegal use of trust funds.

Respondent admits that he disbursed trust funds in the amount of ₱1,122,505.15 for the payment of essential services in order not to disrupt the normal operation of the provincial government. This resulted in an overdraft of ₱520,656.62 in the general, health and other funds. Other trust funds in his official custody were likewise disbursed for purposes other than those for which they were specifically intended. By his own admission, respondent is guilty of violation of Section 614 of the Revised Administrative Code which provides that "trust funds shall not be paid out of any treasury except in fulfillment of the purpose for which the trust was created or fund received."

5. Making purchases of office supplies and equipment for municipalities without the knowledge and consent of the municipal treasurers concerned.

It appears that in several instances respondent purchased supplies and equipment without securing the approval of the municipal treasurers of the municipalities for which the same were intended. Moreover, the materials and equipment were never delivered to the municipal treasurers who had supposedly requisitioned them (see letters of the Municipal Treasurers of Salcedo, Tarangnan, Capul, San Roque, Llorente, Santa Rita and Sulat, all of Samar).

In the case of the municipality of Pambujan, materials and equipment in the amount of ₱18,349.22 were billed by the province of Samar but said equipment and materials were not delivered and/or received by the office of the municipal treasurer as custodian of municipal properties. Curiously enough, the papers covering those materials were not signed by the municipal treasurer as required but by the municipal mayor or, if signed at all, the signatures of the municipal treasurers were forged (see certification of Municipal Treasurer of Pambujan, Samar, dated July 15, 1961, and report of Supervising Treasurer Kabanlit dated August 30, 1962).

Respondent's complete disregard of the duties and functions of the municipal treasurers not only contributed to the overstocking of supplies and materials but also caused so much financial embarrassment to the municipalities concerned, as they did not have sufficient funds to pay for the supplies and materials.

Second Case

Respondent is also charged with the following irregularities:

1. Getting cash advance of ₱10,000 on December 16, 1958, and another cash advance of ₱10,000 on April 4, 1961, without liquidating the first cash advance, which was liquidated only on May 31, 1961, and deliberately failing to liquidate the second cash advance up to now, contrary to Sections 28, 29 and 192 of the Revised Manual of Instructions of Treasurers.

2. Illegal disbursement of public funds covering fictitious purchase and payment of non-existing 200 season charts at ₱55 each from the S. F. Samson Commercial on December 9, 1961, thereby defrauding the province of Samar of ₱11,000.

3. Purchasing one station wagon for the municipality of Catbalogan, Samar, for ₱15,000 without the corresponding requisition from the municipal treasurer, and advancing payment thereof without the necessary certificate as to availability of fund and authority to advance payment.

4. Purchasing while in Manila in March 1961 one booklet of PNB checks with Serial Nos. 993101-G to 993200-G and drawing PNB checks Nos. 993101-G to 993107-G while in Manila also during the months of March and April 1961 in the total amount of ₱183,300 covering payments of various purchases by the municipalities of Balangiga, Talalora, Daram and Catbalogan, notwithstanding the fact that at the time of purchase of said booklet, there were 14½ booklets of unused PNB checks in the possession of the provincial cashier of Samar.

5. Approving claims for and making payments of 5100 Farmer's Guide at ₱6.50 each copy and 270 Newsweek Magazine at ₱24 each copy, when the magazines cost only ₱0.65 and ₱1 each copy, respectively, or an overprice of ₱36,054.

6. Making payment of ₱5,500 covering the cost of 200 Season Charts under P.T. Voucher No. 14130 from funds specifically provided for maternity leaves, salary differentials, traveling expenses, rentals of school buildings, sewing machines and repair of equipment, contrary to Section 614 of the Revised Administrative Code and Article 220 of the Revised Penal Code.

7. Excessive purchases of athletic goods and agricultural reading materials in the total quantity of 5,630, of which 4,244 remained unused as of November 12, 1962.

8. Making double payments on one typewriter to Eleuteria Quimbo (₱775 cost price) and 600 bags of cement to Guadalupe Bagon (₱3,000 cost price), thereby defrauding the government of the sum of ₱3,775.

9. Making advance payments in the total amount of ₱13,518.91 for purchases made by the municipal mayors of Daram, Tarangnan, Gamay, Salcedo and San Roque, Samar, without the required requisitions of the municipal treasurers thereof. Said advance payments could not be paid by those municipalities for lack of appropriations and funds. As of June 30, 1962, the total unpaid accounts receivable of the province of Samar representing advance payments amounted to ₱269,142.83.

10. Contracting obligations with the Bureau of Supply Coordination amounting to ₱146,107.74 without the corresponding appropriations and funds for the purpose.

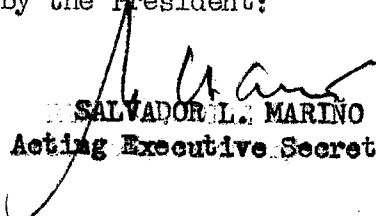
In his letter dated December 6, 1962, the Secretary of Finance required respondent to submit within 72 hours a written explanation why no administrative disciplinary action should be taken against him for the irregularities mentioned above. In reply, respondent requested an extension of 30 days within which to answer the charges, which request was duly granted. On January 7, 1963, he asked for another extension of 30 days, and in its reply of the same date, the Department of Finance gave him up to January 24, 1963, to submit the required explanation. However, on January 23, 1963, Mr. Macario R. Mendoza, for and in behalf of respondent, wrote the Department of Finance seeking further extension of 60 days from January 24, 1963. The Department of Finance, however, gave him not later than 5 P.M. of the same date to file his reply. However, no such reply appears to have been submitted by respondent.

Considering the seriousness of the case, and taking into account the fact that each of the foregoing charges is supported with documentary evidence and the further fact that respondent was duly advised that his failure to submit his explanation as called for would be taken as a tacit admission of his guilt and a waiver on his part of defending himself personally or by counsel, the Secretary of Finance recommends that respondent be dismissed for cause. I agree with the recommendation. Respondent's flagrant and repeated violations of existing laws, rules and regulations clearly show his irresponsibility and incapacity to properly discharge the duties of so important and responsible an office as that of provincial treasurer.

Wherefore, Mr. Constancio Ferranco is hereby dismissed from the service, effective upon receipt of a copy of this order.

Done in the City of Manila, this 15<sup>th</sup> day of October, in the year of Our Lord, nineteen hundred and sixty-five.

By the President:

  
SALVADOR L. MARINO  
Acting Executive Secretary

